

Message Text

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ACTION EUR-12

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AMCONSUL ZAGREB

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E.O. 11652: N/A

TAGS: ECON, YO

SUBJECT: SEFER CALLS FOR RECONSIDERATION OF PRICES

REF: A) BELGRADE 4040; B) BELGRADE 3933; C) BELGRADE 4187

1. IN SHORT STATEMENT TO TANUG, FEC VICE CHAIRMAN SEFER SAID NEARLY ALL DOMESTIC PRICES SHOULD BE RECONSIDERED IN LIGHT OF WORLD AND DOMESTIC ECONOMIC SITUATIONS. SEFER OUTLINED NEED FOR ALL FACTORS IN THE SOCIETY TO ASSUME RESPONSIBILITY FOR HIGHER PRODUCTIVITY AND THE PREVENTION OF UNREALISTICALLY HIGH PRICES THAT MIGHT HINDER DEVELOPMENT.

2. ACCORDING SEFER, RAISING PRICES IS NO LONGER ACCEPTABLE MEANS OF SOLVING ENTERPRISE ECONOMIC DIFFICULTIES CAUSED BY IRRATIONALITIES IN PRODUCTION OR UNREALISTIC DEVELOPMENT PROGRAMS.

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3. SEFER INSISTED ON IMPORTANCE OF SELF-MANAGEMENT

REGULATION OF PRICES BUT ACCORDING TANUG ALSO SAID THAT DOES NOT MEAN ADMINISTRATIVE INTERVENTION WILL NOT BE MADE IF AND WHEN NECESSARY.

4. COMMENT: SEFER'S STATEMENT IS FURTHER EVIDENCE GOY ECONOMIC LEADERSHIP INTENDS MORE ACTIVE PROGRAM TO CURB INFLATION AND STABILIZE ECONOMY. PRICES OF NUMEROUS DOMESTIC PRODUCTS, INCLUDING WOOD PRODUCTS AND SOME NON-FERROUS METALS, ARE HIGHER THAN WORLD MARKET PRICES FOR SAME ITEMS CONTRIBUTING TO INFLATION AND ALSO MAKING YUGOSLAV EXPORTS LESS COMPETITIVE. SEFER'S COMMENT IN CONNECTION WITH PREVIOUS STATEMENTS INDICATES GOY INTENDS INFLUENCE ENTERPRISES TO REDUCE PRICES JUDGED TO BE ARTIFICIALLY HIGH, MODERATING COST OF LIVING INCREASE AND IMPROVING EXPORT POSITION. HIS REFERENCE TO RESPONSIBILITY OF ALL SOCIAL FACTORS FOR PRODUCTIVITY SUGGESTS LCY, SAWPY, AND TU'S WILL BE INCREASINGLY ACTIVE IN PRICE FIELD. STATEMENT THAT ADMINISTRATIVE INTERVENTION WILL BE MADE IF AND WHEN NECESSARY SEEMS CLEAR SIGNAL THAT IF SOCIAL ACCORDS AND SELF-MANAGEMENT AGREEMENTS DO NOT PRODUCE TIMELY RESULTS THE GOY ITSELF WILL ACT. LATTER POINT SEEMS TO US INDICATION OF SERIOUSNESS THAT FEDERAL AUTHORITIES ATTACH TO ECONOMIC STABILIZATION IN A YEAR THAT SUPPOSEDLY FEATURES IMPLEMENTATION OF 1974 CONSTITUTION'S TRANSFER OF STATE AUTHORITY TO ASSOCIATED LABOR.
SILBERMAN

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